

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

KSB Inc.

Virginia's A.L. Philpott Manufacturing Extension Partnership

Quality Management System Development Leads Ksb To Stay And Expand In Virginia

Client Profile:

KSB Incorporated manufactures ultra-modern pump and valve technology. Applications range from building services to industrial processes, water engineering, and mining and energy technology. The Richmond, Virginia plant is one of four North American facilities employing 67 workers. Since 1988, this facility has been the American import and export arm of the German parent company. The facility's main products are large pumps designed for the energy and water/wastewater markets for American companies and U.S. subsidiaries of foreign-owned companies. Pumps are imported from foreign sources and modified for American customers. KSB Inc., in turn, sells and services the product.

Situation:

KSB Inc. found that customers were beginning to require ISO 9000 certification of its quality management system (QMS). Although the company established quality functions as part of its business processes, it lacked a standard ISO-based quality management system. KSB contacted Virginia's A.L. Philpott Manufacturing Extension Partnership (VPMEP), a NIST MEP network affiliate, to assist in the development and implementation of a quality management system preparing KSB for ISO 9001:2000 certification.

Solution:

As the project entered its first phase, KSB's parent company announced the possibility of relocating the Richmond plant out of state. With this new concern, VPMEP suggested that KSB seek the services of the Virginia Department of Business Assistance (VDBA), which provides resources and information to help companies build a case to justify the retainment and expansion of current facilities in the state. VPMEP brought in Brett Vassey, Business Services Manager of VDBA, who advised KSB's parent company to stay and expand in Virginia.

VDBA convinced KSB that Virginia's business assistance resources provide significant ongoing cost-avoidance benefits and a business climate superior to competing states--all without a cash incentive. Virginia's right-to-work laws, low unemployment insurance rates, low workers' compensation costs, low corporate income taxes, low tax on industrial utility bills, and the willingness of Henrico County to expedite all necessary permits to accommodate the company's expansion timeline were important factors of consideration in this business climate comparison. KSB's parent company agreed that Virginia

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was clearly the most profitable expansion location.

VPMEP was then able to complete the development and implementation of a QMS for KSB. VPMEP conducted management awareness training, a gap analysis assessment with report, and an implementation plan for the project. VPMEP also worked with the management team at KSB to develop and implement an ISO 9001:2000 QMS over the next several months.

Results:

Forecasting an increase of approximately \$17 million in sales.

Saving \$100,000 in inventory.

Saving \$50,000 in materials.

Saved \$10,000 in labor costs.

Decreased warranty costs.

Retained 54 jobs and created 13 new jobs.

Projecting the addition of 20 new employees over the next two years.

Invested \$4 million in facility expansion project.

Testimonial:

"Virginia's A.L. Philpott Manufacturing Extension Partnership provided vital assistance to KSB at a critical point in our business development. We had a very real need to strengthen and certify our quality system to ISO 9000 with [sic] insufficient resources available to accomplish the tasks in our compressed timeframe. Clearly, VPMEP provided us cost effective assistance in the precise timeframe we required. Service just does not get any better than that."

Ken Hill, President